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UNTIL RELEASED BY THE
COMMITTEE ON VETERANS' AFFAIRS**

STATEMENT OF

REAR ADMIRAL CRAIG MCDONALD, U. S. NAVY

COMMANDER, NAVY RESERVE FORCES COMMAND

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

ON

EDUCATION BENEFITS FOR THE TOTAL MILITARY FORCE

March 15, 2006

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Rear Admiral Craig O. McDonald

Commander, Navy Reserve Forces Command



Rear Admiral Craig O. McDonald, a native of Miles City, Mont., graduated from the United States Naval Academy in June 1976. On October 21, 1977, after initial flight training at VT-10 and Advanced Airborne Tactical Data Systems training at RVAW-120, he was designated a Naval Flight Officer.

Released from active duty in June 1982, he moved to Suffern, N.Y., and was employed with New York Telephone. Rear Adm. McDonald was selected for the Full Time Support (FTS) program and was recalled to active duty in April 1983. Rear Adm. McDonald's significant tours include: VAW-123, "Screwtops", Division Officer and Department Head; RVAW-120, "Grey Hawks", NFO Instructor; VAW-1086, "Augger Doggers", flight crew; VAW-88, "CottonPickers", Officer-in-Charge; Commander, Naval Air Reserve Force, Air Operations and Assistant Chief of Staff for Operations and Fleet Support; VAW-78, "Fighting Escargots" Commanding Officer; NAS JRB Fort Worth, Commanding Officer; Chief of Naval Operations (N095), Executive Assistant to the Director of the Navy Reserve; and Deputy Director Navy Reserve.

He was selected for Flag rank on 1 August 2003 and served as Chief, Office of the Defense Representative Pakistan from July 2004 until October 2005. He assumed his present duties as Commander, Navy Reserve Forces Command on 12 August 2005.

Rear Adm. McDonald has 5,000 total hours and over 4,600 hours in the E-2C aircraft. He has had the privilege of working with the finest enlisted and officer personnel in the United States Navy throughout his career.

His decorations include the Defense Superior Service Medal (one award), Legion of Merit (three awards), Meritorious Service Medal (two awards), Navy and Marine Corps Commendation Medal (two awards), Navy and Marine Corps Achievement Medal (two awards), Meritorious Unit Commendation (four awards), Battle "E" ribbon (three awards), Navy Expeditionary Medal, National Defense Service Medal (two awards), Sea Service Ribbon (four awards) and the Armed Forces Reserve Medal (with silver hourglass).

I. Introduction

Chairman Buyer, Ranking Member Evans, distinguished members of the committee, thank you for the opportunity to speak about the Montgomery GI Bill for the Selected Reserve (MGIB-SR) and the Reserve Education Assistance Program (REAP).

These programs are an important part of Navy Reserve recruiting and retention and affect the Navy Reserve's ability to fight the Global War on Terror (GWOT). The Navy Reserve is transforming to better support combat missions throughout the world. Navy Reservists are no longer solely a strategic force waiting for the call to mobilize in a Nation-state war. They are fighting the Global War on Terror (GWOT) as Seabees in Iraq, civil affairs administrators in Afghanistan, customs inspectors in Kuwait, logistical aircrew in the Horn of Africa, and as Individual Augmentees around the world.

Sailors are serving selflessly throughout the Total Force and Department of Defense in the nation's fight against terrorism. Sailors and their families sacrifice daily and have earned the country's respect and gratitude for their service. As part of the All Volunteer Force, they REserve again and again, freely giving their time and talents to the nation. These Sailors serve in a Navy that continues to be a leader in technology and innovation. Operating and maintaining this advanced military requires the best and brightest our nation has to offer. United States'

industry also continues to be a world leader in technology. Thus, the Navy and industry are competing for the same recruits. Congress has been very aggressive in enacting legislation to aid the services in developing targeted incentives to recruit and retain servicemembers. Advancements in the existing MGIB-SR, as well as the addition of REAP, have significantly improved educational benefits for reservists.

Enlisted recruiting for the Navy Reserve is a continuing challenge. Navy attributes the recruiting shortfalls to multiple causes: the GWOT has caused an increase in the number of recruits needed by the Army and Marine Corps; civilian unemployment rates remain low; and public opinion influencers (i.e. trusted family friends) are less likely to recommend the Navy as a career. Reserve Officer recruiting is also a challenge – Navy has failed to meet its Reserve Officer Recruiting Goal since 2002.

To compete in the employment marketplace the Navy Reserve must provide competitive pay and benefits. The MGIB-SR is an important part of the total pay and benefit package. The Navy Reserve Forces Command reports a large percentage of new recruits are eligible for MGIB-SR. These tables show the number of contracts that fund for MGIB-SR benefits annually:

Navy Reserve MGIB-SR Six-Year Contracts

Basic Benefits	FY2001	FY2002*	FY2003	FY2004	FY2005
Enlistments	5,599	4612	6,121	3,234	3,885
Reenlistments	924	761	759	534	641
Extensions	320	264	264	186	224
Total	6,843	5637	7,144	3,954	4,750

Navy Reserve MGIB-SR Kicker* Participants

Level	FY2001	FY2002	FY2003	FY2004	FY2005
\$200 Kicker	37	87	0	0	57
\$350 Kicker	134	135	166	110	0
Total	171	222	166	110	57

***Kicker is a targeted incentive for critical skill ratings.**

The MGIB-SR is well utilized. As both Secretary Hall and the Partnership for Veterans' Education noted in "Towards a Total Force Montgomery GI Bill," the Reserve Montgomery GI Bill has no readjustment mechanism. Unlike the significant increases in the MGIB-AC which occurred in both 2000 and 2001, the MGIB-SR has had no legislative adjustments.

A recent legislative addition to the MGIB-SR is REAP, which was established to incentivize servicemembers returning from activation to remain in the Selected Reserve. Challenges for this program have included: educating servicemembers about their entitlement to this benefit; issuing notices of eligibility upon deactivation; accurately tracking personnel participating in this program in order to assess actuarial costs; and communicating this retroactive benefit established

in the NDAA 2005 to personnel activated since September 11, 2001 for contingency operations.

NDAA 2006 further modified the REAP benefit by establishing a grace period of 90 days for the servicemember to re-affiliate with the selected reserve.

If the servicemember does not affiliate with the Selected Reserve within 90 days, or temporarily transitions to the IRR, the benefit and incentive to re-affiliate is completely lost.

To preserve the original intent of the MGIB REAP program as a retention instrument, REAP should retain the provision to affiliate and drill as a member of the Selected Reserve. Continuum of service must be emphasized in order to fully leverage the experience and knowledge gained by these servicemembers who have been activated. Removing the requirement to affiliate with the Selected Reserve would effectively change this part of the program from a retention incentive to an activation entitlement.

The Partnership for Veterans' Education has proposed bold changes to the existing administration of MGIB programs. The full impact of these proposed changes need to be studied in detail by the Veterans Administration, Department of Defense and the individual services. It is important to completely understand these proposed changes and their effects upon recruitment, retention and

budget. The Veterans Administration and Department of Defense have taken the lead on these important issues and formed a joint working group.

The Navy Reserve is committed to recruiting and retaining the best Sailors it can. The MGIB, in all its forms, is a powerful tool in accomplishing this mission. We are working closely with the other services, DoD, and the Veterans Administration to develop initiatives that incentivize service as well as providing value to the taxpayer.